

Onassis' Oil Tankers Boycotted; Saudi Arabian Contract Scored

*Move by Major Companies Is Viewed as
First Phase of Strategy to Destroy
His Fleet Unless Pact Is Modified*

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CAIRO, Jan. 20—Major oil companies have begun a boycott against the oil tanker fleet of Aristotle Onassis, Greek-born Argentine shipping magnate. They hope to force the modification of his allegedly monopolistic oil shipping contract with the Saudi Arabian government.

The boycott as described by oil circles here today is the first phase of a worldwide strategy to destroy Mr. Onassis' tanker empire unless the contract is modified to the satisfaction of major oil interests. The projected campaign against Mr. Onassis is reported to have the tacit endorsement of the United States Government.

Under the terms of the agreement concluded at Jiddah a year ago today, Mr. Onassis is to create a private company called the Saudi Arabian Maritime Company limited with a minimum registry of 500,000 tons of tankers under the Saudi Arabian flag. Saudi Arabia is bound to compel all oil shipments from the country to be carried in Saudi Arabian Maritime Company ships with the exception of the Arabian American Oil Company.

Aramco is permitted to give preference to such of its own tankers as were carrying Saudi Arabian petroleum before Dec. 31, 1953.

Transport Rates Set

Transport rates, according to the agreement, "shall be in accordance with the price announced monthly by the London tankers panel," but not less than the average rate of the panel over two years ended March 19, 1954. Mr. Onassis is to pay tax to the Saudi Arabian government of 1½ shillings sterling (21 cents) on each ton of oil shipped.

The agreement was protested by both the State Department and Aramco, which holds a vast sixty-six-year Saudi Arabian oil concession dating from 1933.

United States officials say if the agreement is maintained there is nothing to prevent similar agreements in other oil-producing countries from creating monopolies that would squeeze the American maritime industry from the shipment of American-produced oil in vital world areas. Further consideration is that United States tanker fleets would ultimately be reduced against national strategic interests.

Aramco, whose parent compa-

nies are Standard of New Jersey, Socony, Standard of California and the Texas Company, charged the Onassis agreement contravened its concession, which stipulates the oil it produces shall be sold and transported on a competitive basis.

If the agreement is enforced, company spokesmen said, Mr. Onassis would eventually obtain complete monopoly on Saudi Arabian oil transport as Aramco tankers, limited to those in traffic before December 31, 1953, became obsolete. Such a situation, called "flag discrimination," is opposed by the oil interests and the United States and British Governments as well as other international maritime interests.

King Saud Set Deadline

King Saud is reportedly much embarrassed by the reaction to his agreement with Mr. Onassis, which produced such manifestations as the widely publicized charges of corruption made by Mr. Onassis' brother-in-law and shipping rival Stavros Niarchos.

Early last month King Saud requested Aramco and Mr. Onassis to try to settle their differences by a deadline of Jan. 15 after which he said the dispute must go to arbitration.

Arbitration is now in preparation here technically between Aramco and Saudi Arabia and the issue is whether or not the Onassis agreement contravenes Aramco's concession. Mr. Onassis arrived here yesterday as a very much interested party although not technically a disputant.

Mr. Onassis has conferred with top executives of Aramco and parent companies in New York, the Hague, Dharan and Jiddah. Facing a formidable array of oil company power, he reportedly has expressed the willingness to drop the restrictive clause against Aramco ships in return for a guaranteed minimum oil tonnage for his ships with the additional proposal that Aramco use his ships under long-term charters.

Aramco, which produced about 42,000,000 tons of oil last year and shipped 40 per cent of it, rejected the demands as excessive. Aramco paid King Saud about \$220,000,000 in royalties last year. Mr. Onassis estimates King Saud's taxes on the proposed Saudi Arabian Maritime Company shipments would net him an additional \$5,000,000.

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